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Energy Information Administration

Foreign Direct Investment in U.S. Energy 2004

This report provides an assessment of foreign ownership of energy assets in the United States. Section 657, Subpart 8 of the U.S. Department of Energy Organization Act (Public Law 95-91) requires an annual report to Congress which presents: "a summary of activities in the United States by companies which are foreign owned or controlled and which own or control United States energy sources and supplies …." The Energy Information Administration intends the information in this report for use by the U.S. Congress, U.S. Government agencies, industry analysts, and the general public.

Findings

- The share of oil and natural gas production by FDI-affiliate companies declined slightly in 2004. FDI affiliates produced 15 percent of U.S. oil and 12 percent of U.S. natural gas in 2004.
- The share of U.S. crude oil distillation capacity owned by FDI affiliates declined slightly to 27 percent in 2004, primarily as a result of the divestiture of one refinery.
- Upstream costs incurred by FDI affiliates increased 33 percent in 2004 from the 2003 level, while refining and marketing capital expenditures fell 20 percent.
- FDI affiliates' share of U.S. coal production fell sharply in 2004, from 27 percent in 2003 to 14 percent in 2004.
- Net capital flows into the U.S. petroleum and natural gas industry by foreign direct investors averaged $14 billion per year from 1999 to 2004. Direct investment abroad into petroleum and natural gas by U.S. direct investors averaged $9 billion per year over the same period.

Background and Definitions

Foreign direct investment (FDI) in the United States is defined as the ownership or control, directly or indirectly, by one foreign investor of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or the equivalent interest in an unincorporated U.S. business enterprise (or asset). Ownership or control of less than 10 percent of the voting securities of a business is not considered to be direct investment. In this report, an FDI-affiliate company or FDI affiliate is a U.S. business in which there is foreign direct investment.[1] All of the information in this report is from publicly available sources. This report describes the role of direct foreign ownership of U.S. energy enterprises with respect to their energy operations, capital investments, and net foreign investment flows (including net loans). In addition, since energy investments are made in a global context, the report examines patterns of direct investment by U.S.-based companies in foreign energy enterprises. For a discussion of acquisitions and divestitures of U.S. energy assets by foreign investors in 2004, see "Direct Acquisitions of U.S. Energy Assets by Foreign Investors Rebound in 2004, but Still Below Recent Average."[2]

[1] The FDI-affiliate companies included in this report include all of the U.S. energy companies that could be determined to be FDI affiliates from publicly available information by the Energy Information Administration.
[2] Energy Information Administration, (Washington, DC, May 19, 2006).

FDI is one measure of the continuing influence or control of foreign investors, companies, or individuals over the management and disposition of U.S. assets of production.[3] However, determining influence or control over a company is often a complex and subjective process in which many factors other than the percentage of voting rights or ownership must be considered. While holding 10 percent or more of a company's voting rights suggests control of that company, it does not guarantee it.[4]

Oil and Gas Production

The production of crude oil and natural gas liquids (oil) and of natural gas in the United States by FDI affiliates of foreign direct investors declined faster than the total U.S. production of both oil and gas in 2004, leading to declining production shares for FDI affiliates (Table 1). These declines were in part the effect of Hurricane Ivan and other hurricane activity in the Gulf of Mexico. The largest contributors to the decline, subsidiaries of BP (United Kingdom) and Royal Dutch/Shell (at that time, Netherlands and United Kingdom) both have substantial operations in the Gulf. For the second year in a row, the U.S. affiliate of EnCana (Canada) had the largest increase in natural gas production. In 2004, this was in large part because of EnCana's acquisition of Tom Brown.

Table 1. Production of Oil and Gas in the United States by FDI-Affiliate Companies, 2002 - 2004

Foreign Parent - FDI Affiliate	Crude Oil and Natural Gas Liquids (Million Barrels)				Dry Natural Gas (Billion Cubic Feet)			
	2002	2003	2004	2003 - 2004 Percent Change	2002	2003	2004	2003 - 2004 Percent Change
BP - BP America[a]	254	237	217	-8.4	1,334	1,224	1,097	-10.4
Royal Dutch/Shell - Aera Energy, Meridian Resource,[b] Shell Oil	R163	R152	138	-9.4	R629	R578	488	-15.6
Nexen - Nexen Petroleum USA	3	9	10	6.3	34	45	46	3.6
Eni - Eni Petroleum & Agip Exploration	11	9	9	0.3	61	47	39	-17.2
BHP Billiton - BHP Billiton Petroleum (Americas)[c]	7	5	7	22.2	21	18	19	2.7
Total - Total Exploration Production USA	2	1	6	301.1	78	107	88	-17.8
EnCana - EnCana Oil & Gas (USA)	2	3	5	38.2	114	215	318	47.9
Petrobras - Petrobras America	1	*	*	NM	12	11	8	-25.6
Santos - Santos USA	*	*	*	NM	9	11	9	-18.6
Talisman Energy - Fortuna Energy	0	0	0	0	E1	19	28	49.1
RWE - Consol Energy	0	0	- -	NM	41	44	- -	NM
Nuon - North Coast Energy	*	*	- -	NM	10	11	- -	NM
Total FDI-Affiliate Companies	R443	R419	392	-6.4	R2,344	R2,331	2,140	-8.2
Total United States	2,783	2,701	2,645	-2.1	18,928	19,099	18,591	-2.7
Percent FDI-Affiliate Companies	R15.9	R15.5	14.8	- -	R12.4	R12.2	11.5	- -

[a]Excludes NGLs from processing plants; includes natural gas consumed in Alaska operations.

[b]Royal Dutch/Shell sold its FDI interest in Meridian Resource in 2004.

[c]For years ending June 30, 2002-2004.

*Number less than 0.5 rounded to zero.

Note: - - = Not applicable. E = Estimated data. NM = Not meaningful. R = Revised data. Components may not add to totals because of independent rounding.

Sources: **Companies:** Various company documents. **U.S. Totals:** Energy Information Administration, *Monthly Energy Review,* DOE/EIA-0035(2007/03) (Washington, DC, March 27, 2007), Tables 3.1a and 4.1.

[3] The U.S. International Investment and Trade in Services Survey Act stipulates that "ownership or control of 10 percent or more of an enterprise's voting securities is considered evidence of a lasting interest in or a degree of influence over [the enterprise's] management sufficient to constitute direct investment." Alicia M. Quijano, "A Guide to BEA Statistics on Foreign Direct Investment in the United States," *Survey of Current Business* (Washington, DC, February 1990), p. 29.

[4] The percentage amount is, of necessity, arbitrary, because no exact percentage of ownership is necessary to achieve control of a company. Even ownership of greater than 50 percent of a company may not be sufficient for control, because the approval of more than a majority of owners may be required for some actions to be taken. For further discussion and a comprehensive analysis of FDI in the United States, see Edward M. Graham and Paul R. Krugman, *Foreign Direct Investment in the United States*, 3rd ed., (Washington, DC: Institute for International Economics, 1995).

Petroleum Refining

The U.S. petroleum refining capacity owned by FDI affiliates fell slightly in 2004, while total U.S. refining capacity rose a little (Table 2). Almost the entire decline in FDI-affiliate capacity was accounted for by the sale of the Delaware City refinery by Motiva Enterprises, a joint venture of Royal Dutch/Shell and Saudi Aramco (Saudi Arabia) to Premcor (since acquired by Valero), a U.S. independent petroleum refiner. However, some of the loss of refining capacity was offset by addition of a steamcracker to the Port Arthur refinery of an affiliate of Total (France).

Table 2. Number of Refineries and Refining Capacity in the United States of FDI-Affiliate Companies, 2002 - 2004

Foreign Parent - FDI Affiliate	Number of Refineries			Total Crude Oil Distillation Capacity (Thousand Barrels per day)			
	2002	2003	2004	2002	2003	2004	2003 - 2004 Percent Change
BP - BP America	6	6	6	1,502	1,505	1,505	0
Petróleos de Venezuela (PDV) - PDV America, LYONDELL-CITGO Refining[a], Chalmette Refining[b]	7	7	7	1,151	1,171	1,177	0.5
Royal Dutch/Shell & Saudi Aramco - Motiva Enterprises	4	4	3	880	887	747	-15.8
Royal Dutch/Shell - Shell Oil[c]	6	6	6	604	599	597	-0.4
Royal Dutch/Shell & Petróleos Mexicanos - Deer Park Refining	1	1	1	334	334	334	0
Total - Total Petrochemicals	1	1	1	175	175	234	33.4
Alon - Alon USA Energy	1	1	1	59	61	61	0
Transworld Oil - Calcasieu Refining	1	1	1	29	30	30	0
Total FDI-Affiliate Companies	27	27	26	4,733	4,761	4,683	-1.6
Total United States	145	145	145	16,757	16,894	17,125	1.4
Percent FDI-Affiliate Companies	18.6	18.6	17.9	28.2	28.2	27.3	- -

[a]Joint venture with Lyondell Chemical.

[b]Joint venture with Exxon Mobil.

[c]Includes two refineries owned by Shell Chemical, a subsidiary of Shell Oil.

*Number less than 0.5 rounded to zero.

Note: - - = Not applicable. Values at year end. Components may not add to totals because of independent rounding.

Sources: Energy Information Administration, *Petroleum Supply Annual 2004,* vol. 1, DOE/EIA-0340(2004)/1 (Washington, DC, June 2005), Table 40, and previous issues.

Branded Retail Outlets and Gasoline Sales

The number of branded retail outlets and the volume of gasoline sales by FDI-affiliate companies both declined in 2004 (Table 3). The decrease in branded outlets was largely due to the continued reduction of outlets by subsidiaries of Royal Dutch/Shell as part of a plan that has been ongoing since 2002. The declines in FDI-affiliate retail outlets and gasoline sales would have been much larger except for outlet expansions by Alimentation Couche-Tard (Canada) and Lukoil (Russia). Couche-Tard purchased Circle K, acquiring its 2,279 branded retail outlets from ConocoPhillips (in December 2003),[5] and Lukoil acquired more than 700-branded retail outlets, also from ConocoPhillips.

[5] Couche-Tard reports on the basis of a fiscal year that ends in April.

Table 3. Branded Retail Outlets and Total Gasoline Sales in the United States by FDI-Affiliate Companies, 2002 - 2004

Foreign Parent - FDI Affiliate	2002	2003	2004	2003 - 2004 Percent Change
	Number of Outlets[a]			
Royal Dutch/Shell & Saudi Aramco - Motiva Enterprises[b] Royal Dutch/Shell - Shell Oil Products US[b]	20,715	18,279	15,821	-13.4
BP - BP America	14,900	R14,700	14,200	-3.4
Petróleos de Venezuela (PDV) - CITGO Petroleum	13,540	13,844	13,694	-1.1
Ito-Yokado & Seven-Eleven Japan - 7-Eleven	E2,100	E2,100	E2,100	NM
Lukoil - Getty Petroleum Marketing	R1,286	R1,325	2,035	53.6
Alimentation Couche-Tard - various[c]	E220	R441	E1,865	NM
Alon - Alon USA Energy	E1,450	1,375	1,300	-5.5
Delek - Delek US Holdings	234	243	415	70.8
Suncor Energy - Suncor Energy (U.S.A.)	- -	R207	207	0
Total FDI-Affiliate Companies	R54,445	R52,514	51,637	-1.7
Total United States	167,571	167,346	168,987	1.0
Percent FDI-Affiliate Companies	R32.5	R31.4	30.6	- -
	Total Gasoline Sales (Thousand Barrels per Day)			
Total FDI-Affiliate Companies	3,090	2,914	2,900	-0.5
Total United States	8,817	8,832	8,865	0.4
Percent FDI-Affiliate Companies	35.0	33.0	32.7	- -

[a]Includes company-owned and independent-dealer (jobbers) branded outlets.

[b]Station count of Motiva Enterprises and Shell Oil Products US reported together.

[c]During April 2002 - 2004.

Note: - - = Not applicable. E = Estimated data. NM = Not meaningful. The U.S. total number of outlets includes all establishments selling gasoline at retail. Total gasoline sales are by "Prime Suppliers." Components may not add to totals because

Sources: Company Station Counts and U.S. Total Stations: National Petroleum News, Market Facts 2005 (Mid-July 2005), and previous issues, and various company documents. FDI-Affiliate Sales: Energy Information Administration, Form EIA-782C, "Monthly Report of Prime Supplier Sales of Petroleum Products Sold for Local Consumption." U.S. Total Sales: Energy Information Administration, Petroleum Marketing Annual 2004, DOE/EIA-0487(2004) (Washington, DC, August 2005), Table 48, and previous issues.

Costs Incurred and Capital Expenditures

Upstream costs incurred[6] and refining and marketing capital expenditures for FDI affiliates moved in opposite directions in 2004, with upstream costs increasing and downstream expenditures decreasing (Table 4). EnCana contributed the most to the rise in costs incurred largely as the result of its purchase of Tom Brown. In 2004, EnCana's acquisition of oil and gas reserves increased almost $3 billion. Royal Dutch /Shell's costs incurred and capital expenditures fell substantially, the former decrease came entirely from a fall in development spending, which was cut almost in half.

[6] Includes costs incurred in oil and gas property acquisition, exploration, and development.

Table 4. Costs Incurred and Capital Expenditures by FDI-Affiliate Petroleum and Natural Gas Companies in the United States, 2002 - 2004 (Million Dollars)								
	Upstream Costs Incurred[a]				Refining and Marketing Capital Expenditures[b]			
Foreign Parent - FDI-Affiliate	2002	2003	2004	2003 - 2004 Percent Change	2002	2003	2004	2003 - 2004 Percent Change
BP - BP America	R3,607	R3,764	3,728	-1.0	R1,527	R1,480	1,314	-11.2
Royal Dutch/Shell - Meridian Resource & Shell Oil[c]	2,803	2,031	1,321	-35.0	4,408	722	444	-38.5
EnCana - EnCana Oil & Gas USA	2,635	974	4,272	338.6	0	0	0	0
Total - various[d]	R547	R325	378	16.0	-	-	-	NM
Nexen - various	418	444	333	-25.0	0	0	0	0
BHP Billiton - BHP Billiton Petroleum (Americas)[e]	400	488	695	42.4	0	0	0	0
RWE - CONSOL Energy	73	37	- -	NM	0	0	- -	NM
Petróleos de Venezuela (PDV) - CITGO Petroleum	0	0	0	0	712	414	341	-17.6
Total	R10,483	R8,063	10,726	33.0	R6,647	R2,616	2,099	-19.8

[a]Costs incurred in oil and gas property acquisition, exploration, and development.

[b]Capital expenditures in petroleum refining and marketing; may include some capital expenditures for other midstream activities.

[c]Does not include Royal Dutch/Shell's capital expenditures at facilities owned by Motiva Enterprises or operated by its Chemicals Division. Royal Dutch/Shell sold its FDI interest in Meridian Resource in 2004.

[d]U.S. affiliates include Total Exploration Production USA and Atofina Petrochemicals. May include small amounts in Canada.

[e]For years ending June 30, 2002 - 2004. Includes some costs in Trinidad and Tobago, Bolivia, and Brazil.

Note: - = No data reported. - - = Not applicable. NM = Not meaningful. R = Revised data. Components may not add to totals because of independent rounding.

Sources: Various company documents.

Electric Power Generation Capacity

Electric power generation capacity at four FDI-affiliate companies made notable gains in 2004, leading to an increased share of U.S. generation capacity for FDI affiliates (Table 5). Brascan (Canada) almost tripled its capacity in the United States by acquiring 72 electric power plants totaling 779 megawatts in upstate New York from Reliant Energy, while affiliates of SUEZ (France) brought online a 746-megawatt natural-gas-fired plant near Dallas. Subsidiaries of E.On (Germany) completed four new natural-gas-fired units totaling 660 megawatts, while an affiliate of Scottish Power (United Kingdom) completed six wind-power projects totaling more than 500 megawatts (in December 2003).[7]

Uranium Production

The production of uranium concentrate by FDI affiliates in the United States did not change in 2004, while total uranium production in the United States increased for the first time since 1996. The resulting decline in the FDI-affiliate share of production was the first since data collection began for uranium production by FDI affiliates in 1999. All of the FDI-affiliate uranium production in the United States in 2004 was produced by subsidiaries of Cameco (Canada).

[7] Scottish Power reports on the basis of a fiscal year that ends in March.

Table 5. Electric Power Generation Capacity in the United States of FDI-Affiliate Companies, 2002 - 2004
(Megawatts)

Foreign Parent - FDI-Affiliate	2002	2003	2004	2003 - 2004 Percent Change
E.ON - LG&E Energy	9,199	9,073	9,666	6.5
Scottish Power - PacifiCorp & PPM Energy[a]	8,575	9,055	9,624	6.3
International Power - various	4,415	4,418	4,601	4.1
SUEZ - Suez Energy North America[b]	E2,754	E3,271	3,852	NM
TransAlta - TransAlta USA	2,077	2,077	2,078	*
Brascan - various	R349	R391	1,170	199.2
TransCanada - various	984	984	984	0
EPCOR Utilities - Frederickson Power	249	249	249	0
British Energy - AmerGen Energy	2,481	- -	- -	NM
Marubeni - Sithe Energies	1,321	- -	- -	NM
Total FDI-Affiliate Companies	R32,404	R29,518	32,224	9.2
Total United States	905,301	948,446	962,942	1.5
Percent FDI-Affiliate Companies	R3.6	R3.1	3.3	- -

[a]Includes capacity owned or controlled on March 31, 2002 - 2004.
[b]Includes some capacity in Mexico.
*Number less than 0.05 rounded to zero.

Note: - - = Not applicable. NM = Not meaningful. E = Estimated data. R = Revised data. Values at fiscal year end. Components may not add to totals because of independent rounding.

Sources: **Companies:** Various company documents. **U.S. Totals:** Energy Information Administration, *Electric Power Annual 2004* DOE/EIA-0348(2004) (Washington DC, November 2005), Table ES.

Table 6. Uranium Concentrate Production in the United States by FDI-Affiliate Companies, 2002 - 2004
(Million Pounds U_3O_8)

Foreign Parent - FDI-Affiliate	2002	2003	2004	2003 - 2004 Percent Change
Cameco - various	1.7	2.0	2.0	0
BHP Billiton - various	0.6	- -	- -	NM
Total FDI-Affiliate Companies	2.3	2.0	2.0	0
Total United States[a]	2.3	2.0	2.3	14.1
Percent FDI-Affiliate Companies	97.3	NM	87.6	- -

[a]Production by milling operations or in situ leach processing. 2002 and 2003 are approximate to avoid disclosure of individual company data.

Note: - - = Not applicable. NM = Not meaningful. Components may not add to totals because of independent rounding.

Sources: **Companies:** Various company documents. **U.S. Totals:** Energy Information Administration, *Domestic Uranium Production Report,* (Washington, DC, March 29, 2005), "U.S. Uranium Concentrate Production and Shipments, 2003-2004."

Coal Production

The second, third, and fifth-largest FDI-affiliate producers of coal in the United States were sold by their foreign investors, RAG (Germany), RWE (Germany), and Itochu (Japan) in 2004. Even though the three remaining FDI-affiliate coal producers increased their total production, the FDI-affiliate share of U.S. coal production fell almost 50 percent. The U.S. affiliate of Rio Tinto (United Kingdom and Australia) increased its production by 9 percent to account for 84 percent of coal production by FDI-affiliates.

Table 7. Coal Production in the United States by FDI-Affiliate Companies, 2002 - 2004 (Million Short Tons)				
Foreign Parent - FDI-Affiliate	2002	2003	2004	2003 - 2004 Percent Change
Rio Tinto - Kennecott Energy	116	119	130	8.9
BHP Billiton - BHP Minerals International	16	15	16	6.8
Scottish Power - Interwest Mining	10	9	9	-4.3
RAG - RAG American Coal	66	72	- -	NM
RWE - CONSOL Energy	71	60	- -	NM
Itochu - Canyon Fuel	13	13	- -	NM
Total FDI-Affiliate Companies	291	289	155	-46.5
Total United States	1,094	1,072	1,112	3.8
Percent FDI-Affiliate Companies	26.6	27.0	13.9	- -

Note: - - = Not applicable. NM = Not meaningful. Some company data may be sales, not production. Components may not add to totals because of independent rounding.

Sources: Companies: National Mining Association, "2004 Coal Producer Survey," (May 2005, Washington, DC) Table 1, and previous issues. Canyon Fuel: Arch Coal, 2003 Report to Securities and Exchange Commission on Form 10-KA1, and previous years. U.S. Totals: Energy Information Administration, Annual Coal Report 2004, DOE/EIA-0584(2003) (Washington, DC, November 2005), Table ES1, and previous issues.

Shares of U.S. Totals

The involvements of FDI-affiliate companies in two energy industries, uranium concentrate production and coal mining, fell considerably in 2004 (Figure 1). In uranium production, two U.S.-owned companies produced uranium concentrate in 2004 that were not operating in 2003, one at a reopened uranium mill and one at a new *in-situ* leaching operation. Uranium production at the FDI affiliates did not change in 2004. In coal mining, three FDI-affiliate companies were sold by their foreign owners to U.S. purchasers. These companies accounted for 50 percent of the coal production by FDI affiliates in 2003. However, production at the remaining FDI affiliates increased 8 percent in 2004. The FDI-affiliate shares of crude oil and natural gas liquids production, natural gas production, petroleum refining capacity, and electric power generation capacity were little changed in 2004.

Net Foreign Capital Flow

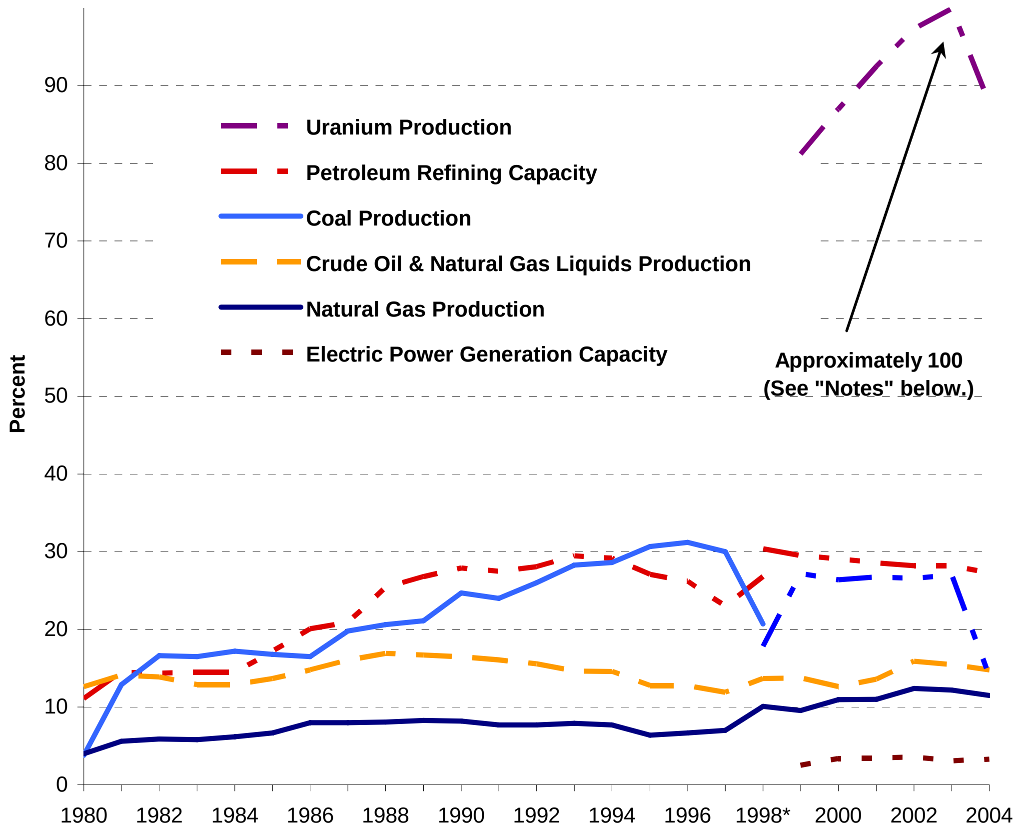
The measure of FDI used in this report is net capital flow into the United States, that is, the net inflow of capital to FDI affiliates in the United States from foreign direct investors.[8] The inflow is recorded on a net basis, specifically, the gross inflow of FDI to the United States from foreign investors minus the gross outflow of FDI from the United States being returned to foreign investors. Net FDI capital inflow includes net capital contributions to new and existing FDI affiliates, net earnings reinvested in FDI affiliates, and net loans to FDI affiliates.[9]

The U.S. petroleum and natural gas industry regained its leading position in net foreign capital flow into the United States in 2004, after a net flow of foreign capital out of the industry in 2003 (Figure 2). The net flow of

[8] An alternative measure is the FDI position, which is the "value of [foreign] direct investors' equity [including retained earnings] in, and net outstanding loans to, their [FDI] affiliates." See Maria Borga and Daniel R. Yorgason, "Direct Investment Positions for 2001, Country and Industry Detail," Survey of Current Business (July 2002), p. 26. FDI capital inflow is discussed in this report because the FDI position data that are available by industry are assessed at book values. Book value is the value of an asset when it was initially recorded in a company's books. Since asset values may change over time, while book values do not, the book value of an asset does not necessarily represent the value of that asset at a time other than when it was booked.

[9] Net FDI capital flows are annual net international capital flows. They do not include the FDI affiliate's operating expenditures, allowance for depreciation, or changes in the value of capital owned.

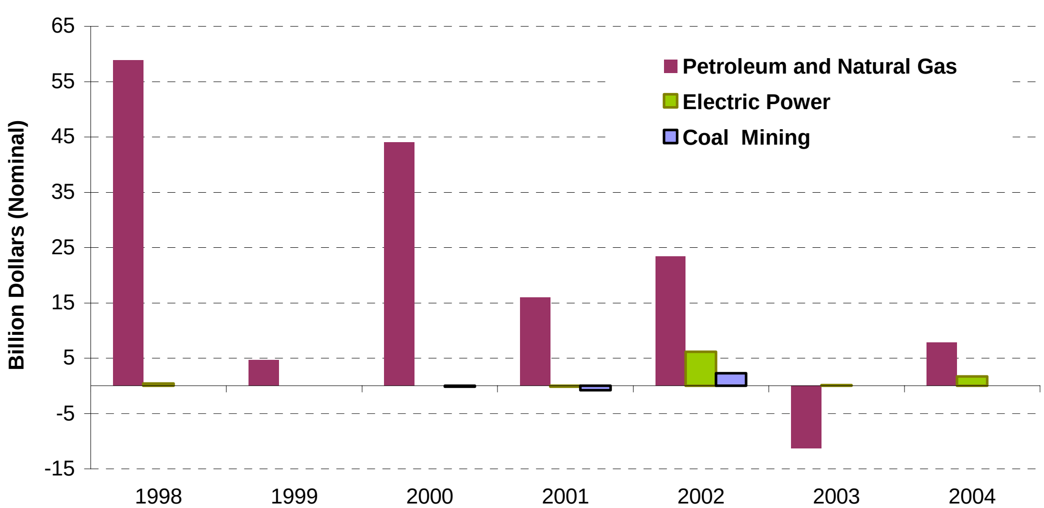
Figure 1. FDI-Affiliate Company Shares of U.S. Production of Oil and Gas, Coal, and Uranium and of U.S. Capacity for Petroleum Refining and Electricity Generation, 1980 - 2004



Notes: Total U.S. uranium production in 2003 was approximated by the Energy Information Administration (EIA) to avoid disclosure of individual company data. The U.S. production reported publicly by FDI affiliates that year slightly exceeded the total approximated by EIA. Sources forthe data series for refining capacity and coal production changed in 1998.

Sources: **2002-2004:** Tables 1-7 of this report. **1980-2001:** Energy Information Administration, "Foreign Direct Investment in U.S. Energy 2001," (Washington, DC, July 2003), Figure 1.

Figure 2. Net Capital Flows of Foreign Direct Investment into the United States, 1998 - 2004



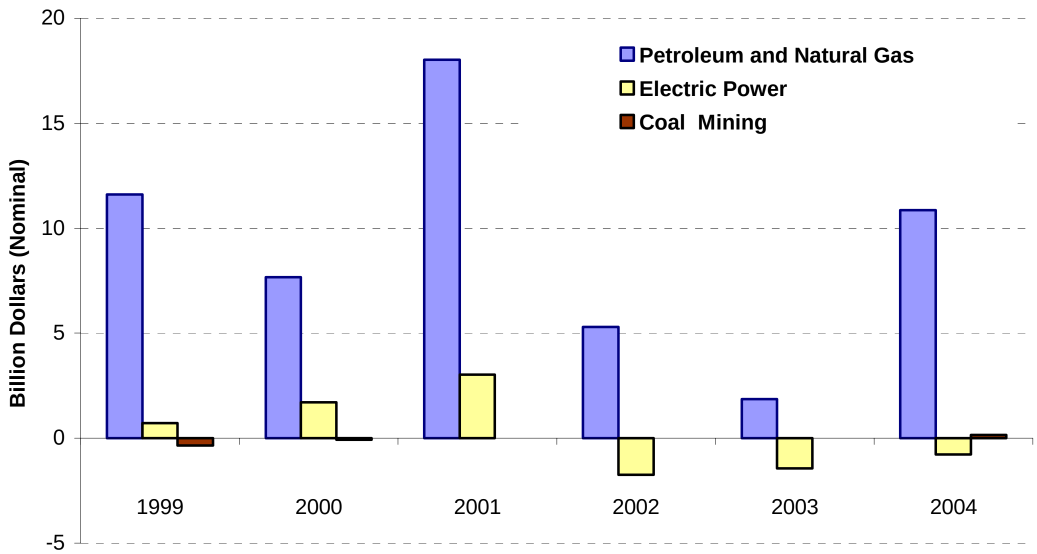
Sources: Bureau of Economic Analysis, "Foreign Direct Investment in the United States," *Survey of Current Business* (Washington, DC, September 2005), Table 17, and preceding issues.

FDI capital into the electric power industry increased, while the net flow into coal mining was not reported in either year.[10] Petroleum and natural gas has had the largest net capital flow into the United States from foreign direct investors in five of the six years that data are available for the three energy industries.[11]

Net U.S. Capital Flow

The counterpart to FDI capital flow is direct investment abroad (DIA) capital flow, that is, the net outflow of capital from U.S. investors to their affiliates overseas. The net flow of U.S. capital out of the United States increased almost six-fold in the petroleum and natural gas industry in 2004 (Figure 3). The net flow of DIA capital back into the United States in the electric power industry fell almost 50 percent but inflow exceeded outflow for the third year in a row. The net flow in coal mining increased from a negligible amount to $150 million. Foreign petroleum and natural gas has attracted the most U.S. direct investment abroad of the three energy industries in every year for which data are available.

Figure 3. Net Capital Flows of U.S. Direct Investment Abroad, 1999 - 2004



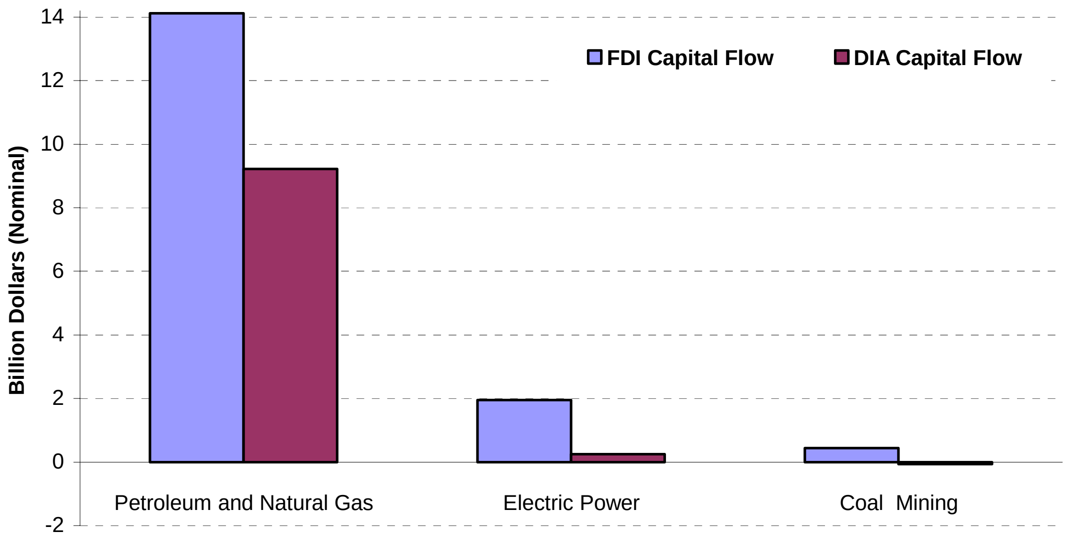
Sources: Bureau of Economic Analysis, "U.S. Direct Investment Abroad," *Survey of Current Business* (Washington, DC, September 2005), Table 17, and previous issues.

Net Foreign and U.S. Capital Flows

Net direct capital flows can swing widely from year to year because of an unusually large acquisition or divestiture (Figures 2 and 3), while average flows accumulated over several years are more stable. From 1999 through 2004, the average net capital flow into the United States from foreign direct investors has exceeded the average net capital flow out of the United States by U.S. direct investors in all three energy industries for which data are available (Figure 4). Average direct capital flows into and out of the United States in petroleum and natural gas far exceeded those for electric power and coal mining. On average, U.S. direct investors brought back a small amount of capital that had been invested in coal mining abroad.

[10] To protect the confidentiality of data from individual reporting companies.
[11] Instances where capital flow amounts are not reported for an industry to protect the confidentially of the data are ignored.

Figure 4. Average Annual Net Capital Flows of Foreign Direct Investment into the United States and of U.S. Direct Investment Abroad, 1999 through 2004



Sources: Bureau of Economic Analysis, "Foreign Direct Investment in the United States," Table 17, and "U.S. Direct Investment Abroad," Table 17, *Survey of Current Business* (Washington, DC, September 2005), and previous issues.